

From: Mark Connolly
To: Microsoft ATR
Date: 1/23/02 2:43pm
Subject: Microsoft Settlement

I believe the remedy presented in this letter would result in dissolving a company with tremendous ability and desire to protect a counterproductive monopoly while preserving (and making stronger) the positive economic impacts of the company known for now as Microsoft.

Microsoft would be partitioned into three new companies that would own:

1. The host operating systems, including the DOS-based Windows variants, Windows NT, and Windows NT followers (Win2K Professional, Server, Advanced Server, Enterprise Server, and XP). This partition would include such things as IIS, SQL Server, clustering services.
2. The network operating system, including .Net, Active Directory, MSMQ, Outlook.
3. Development environments and desktop applications. This includes the integrated development environments (Studio, etc), the team development repositories, the computer aided design tools, as well as productivity tools (Microsoft Office, etc).

For a period of seven years, each would be prohibited from getting into the others' particular domain (the ones without an operating system product at the time of the breakup would not be able to produce their own operating system, etc).

At first, these three entities would be highly reliant on each other, as each has technology required by the other. They would also have a bit of advantage over other companies for forging relationships among themselves. The fact they are separated would force more openness for design and interfaces, however, and over time this openness coupled with competitive efficiencies should result in a broader market with many players. It is possible one of these companies would not survive in the long term, but that is okay, and a reflection of real competition.

As far as for fines for past misdeeds, real dollars should be taken from Microsoft, not bartered software and hardware. Making schools recipients is fine, as long as the side effect is not Microsoft expanding its presence in school systems. The delivery of largesse should be decoupled from the source of the largesse. A general fund should be opened for supporting education. The dollars should not be restricted to spending on technology (books and supplies are needed in too many places to worry about technology; a good fundamental education makes picking up the intricacies of using a spreadsheet a trivial

exercise, while training on how to navigate the menus of a spreadsheet program does not require any real learning). Microsoft can be one of the contributors to the general fund, say one billion real dollars to start with, but Microsoft has nothing further to do with the dollars. Of course, they are welcome to contribute in the future.

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Mark Connolly
8804 Red Oak Court
Raleigh, NC 27613
919-676-6165
mailto:mark_connolly@acm.org